

BUDGET, FINANCE & INVESTMENT COMMITTEE

May 20, 2010

5:30 P.M.

Courthouse

MINUTES:

Members Present:

Comm. Bob Bullen
Comm. Joe Frank Jernigan
Comm. Will Jordan
Comm. Robert Peay, Jr.
Comm. Steve Sandlin
Comm. Doug Shafer
Comm. Joyce Ealy

Others Present:

Ernest Burgess
Mike Williams
Lisa Nolen
Mac Nolen
Jeff Sandvig
Sue Cain
Rena Scudder

Others Present:

Ron Scudder
Elaine Short

Chairman Ealy presided and called the meeting to order at 5:30 P.M. with all members being present.

The purpose of the meeting was to review the 2010-11 budgets for the Highway Fund, the Solid Waste/Sanitation Fund, and the General Debt Service Fund.

Comm. Bullen apologized for his comments at the previous meeting regarding the funding for the senior citizens.

HIGHWAY FUND:

Chairman Ealy advised that the County Mayor did not make a recommendation on the Highway Fund budget, and that the Road Board made a recommendation on the budget.

Mr. Mike Williams, Highway Superintendent, was present to answer questions regarding the 2010-11 Highway Fund budget.

The Finance Director advised that the 2010-11 Highway Fund estimated revenue totaled \$7,565,056 with \$534,872 coming from property tax to be used for public works. The estimated expenditures for the public works portion of the budget totaled \$467,410. The estimated designation for public works at June 30, 2010 was estimated at \$1,150,000.

Estimated expenditures totaled \$9,477,635 with an estimated beginning unreserved fund balance of \$6,800,000, and an estimated ending unreserved fund balance at June 30, 2011 of \$4,887,421. The Finance Director noted that Mr. Williams never spent his entire budget and the last four years had returned between \$1.5 million to \$2 million to the fund balance.

Mr. Williams advised that last year his total estimated appropriations were \$9,356,150. His proposed 2010-11 budget totaled \$9,477,635, which was an increase of \$121,485. Mr. Williams explained that he did not think his budget would end up as well this year, because gasoline tax had not come in as well as expected.

Mr. Williams advised that the proposed 2010-11 Highway Fund budget proposed to cease operations of the rock crusher, and that was reflected in Account 131-63400, which was deleted. The line items needed have been moved to other items in the regular budget. He explained that there were still five employees located at the crusher, and they have been transferred to the regular maintenance crew. He stated that the savings on the budget would be approximately \$250,000.

Mr. Williams advised that increases to the budget were in Account 131-62000, which included \$50,000 in Account 131-62000-443, Road Signs, and \$75,000 in Account 131-62000-444, Salt. He explained that there was a federal mandate that required that every stop sign and road name sign in the county be changed to a larger size. He stated that they were starting the process now, but they would have to increase their budget again next year considerably to continue this process.

Chairman Ealy advised that Function 131-61000, Administration, totaled \$671,180. Function 131-62000, Highway and Bridge Maintenance, totaled \$5,964,270. Function 131-63100, Operation & Maintenance of Equipment, totaled \$1,200,210. Function 131-63400, Quarry Operations, totaled zero. Function 131-65000, Other Charges, totaled \$467,410. Function 131-66000, Employee Benefits, totaled \$239,705. Function 131-68000, Capital Outlay, totaled \$934,860. The proposed expenditures totaled \$9,477,635.

Comm. Sandlin asked if employee pay raises were included in the budget.

Mr. Williams advised that the budget included a step increase for each employee.

The Finance Director advised that equated to 3.5%.

Following review, Comm. Sandlin moved, seconded by Comm. Jordan to approve the 2010-11 Highway Fund budget with estimated revenue totaling \$7,565,056 and proposed expenditures totaling expenditures totaling \$9,477,635 and an estimated ending fund balance of \$4,887,421. The motion passed by voice vote with Comm. Jernigan voting "pass".

SOLID WASTE/SANITATION FUND BUDGET AMENDMENT:

Mr. Mac Nolen, Solid Waste Director, requested approval of the following budget transfer to provide funding to cover the cost for mowing at the Convenience Centers for the remainder of the Fiscal Year per bids opened on May 19:

From:	116-55732-717 – Maintenance Equipment -	\$2,400
To:	116-55732-312 – Contracts w/Private Agencies -	\$2,400

Comm. Jernigan moved, seconded by Comm. Sandlin to approve the budget transfer of \$2,400 from Account 116-55732-717, Maintenance Equipment, to Account 116-55732-312, Contracts w/Private Agencies. The motion passed by roll call vote with Comm. Bullen being out of the room at the time of the vote.

SOLID WASTE/SANITATION FUND

Chairman Ealy advised that no property taxes went to the Solid Waste Fund.

The Finance Director advised that the estimated revenue for the 2010-11 Solid Waste/Sanitation Fund budget totaled \$2,635,005. The estimated beginning fund balance at July 1, 2010 was \$3,400,000, and the mayor's recommendation on the expenditures totaled \$3,376,474. The estimated ending fund balance at June 30, 2011 was \$2,658,531. The Finance Director advised that she had lowered the beginning fund balance due to some budget amendments that would be coming through the committee process to provide funding to remove flood debris.

Mayor Burgess advised that his recommendation for the 2010-11 Litter Grant budget totaled \$130,669.

The mayor's recommendation for the 2010-11 Convenience Centers budget totaled \$2,146,290. Mayor Burgess advised that the county was going to begin hauling the recyclable materials, which meant that an additional truck or trucks would have to be put on the road. He stated that the contract for outside services would be expiring in July. Mayor Burgess advised that Account 116-55732-718, Motor Vehicles, was recommended at \$145,000 to purchase a new truck. Accounts 116-55732-336, Maintenance & Repair Equipment, 116-55732-338, Maintenance & Repair Vehicles, and 116-55732-450, Tires and Tubes all reflected increases. Account 116-55732-708, Communications Equipment, was recommended at \$7,500, for radios to go into the trucks.

The Finance Director explained that in conjunction with the amendment approved above, Account 116-55732-312, Contracts w/Private Agencies needed to be added at \$15,000 to provide for mowing the Convenience Centers next year.

The mayor's recommendation for the 2010-11 Other Waste Collection (Recycling) budget totaled \$136,072. Mayor Burgess advised that this budget funded the position for the individual who manned the Haley Road site for electronic recycling. Account 116-55739-312, Contracts w/Private Agencies, has been reduced from \$290,600 to \$47,000 because the contract for the company hauling the recyclables is expiring.

The mayor's recommendation for the 2010-11 Landfill Operation and Maintenance budget totaled \$691,103. Account 116-55754-412, Diesel Fuel, reflected a small increase. Otherwise, the budget only reflected the necessary increases for the salaries and benefits.

The mayor's recommendation for the 2010-11 Postclosure Care Costs budget totaled \$184,600, which was an increase of \$93,100 over the current year. Mayor Burgess advised that the increase was to provide funding to perform some remedial review and engineering to determine how to continue to properly maintain the closed portion of the landfill.

Mr. Nolen advised that there were some environmental issues dealing with leachate that needed to be addressed.

The mayor's recommendation for the 2010-11 Employee Benefits budget totaled \$39,040, which was a decrease of \$17,080 from the current year.

The mayor's recommendation for the 2010-11 Miscellaneous budget totaled \$48,700, which was the same as the current year, and provided funding for Building & Contents Insurance, Judgments to pay liability claims, Liability Insurance, and Trustee's Commission.

The revised total for the 2010-11 Solid Waste/Sanitation Fund budget was \$3,381,474.

Mr. Nolen advised that he agreed with the mayor's recommendation.

Comm. Jernigan moved, seconded by Comm. Bullen to approve the 2010-11 Solid Waste Sanitation Fund budget with estimated revenue totaling \$2,635,005 and proposed expenditures totaling \$3,381,474 as revised. The motion passed unanimously by acclamation.

GENERAL DEBT SERVICE FUND:

The Finance Director advised that the estimated revenue for the 2010-11 General Debt Service Fund totaled \$42,158,885. She reminded the committee that during the budget overview, the committee was presented with the idea of reallocating the property tax rate, which would reduce the revenue going into the General Debt Service by \$3,000,000. The total estimated revenue for the 2010-11 General Debt Service Fund after reallocating the property tax rate was \$39,158,885. The proposed expenditures totaled \$40,714,454. The estimated beginning fund balance at July 1, 2010 was \$32,500,000 with the estimated ending fund balance at June 30, 2011 being \$30,944,431.

The Finance Director advised the committee that regarding the issuance of the refunding bonds, the financial advisors had stated that there were two things that would always need to be monitored – the investment rate and the borrowing rate. Since the Refunding Resolution was approved, the borrowing rate has gone down 15 basis points. However, the investment rate has gone down 60 basis points. She advised that it did not appear that the refunding bonds would be issued soon, but it was still in play, and the market would continue to be monitored. She stated if the refunding bonds were not issued at all, the debt service fund balance policy would still be met.

She also reminded the committee that at the last meeting she discussed closing the Development Tax Fund, and that she would need to re-budget the \$100,000 for the Planning consultant in the General Fund. She explained that would increase the use of the General Fund undesignated fund balance.

She also advised that the sales tax collections this month for schools was three percent higher than for the same month last year. She advised that she would meet with Mr. Sandvig to see if the sales tax estimate could be adjusted. She stated that she would also check to see if an adjustment would be needed to the total assessments due to the flood situation.

Following review, Comm. Jernigan moved, seconded by Comm. Shafer to approve the 2010-11 General Debt Service Fund budget with estimated revenue totaling \$39,158,885 and proposed appropriations totaling \$40,714,454 with an estimated ending fund balance at June 30, 2011 of \$30,944,431. The motion passed unanimously by acclamation.

GENERAL FUND:

The Finance Director provided an analysis of the action that the committee had taken to date regarding the General Fund. The total estimated revenue for the 2010-11 General Fund was \$65,175,958 with proposed expenditures of \$67,003,576. The estimated beginning fund balance at July 1, 2010 was \$12,000,000, and the estimated ending fund balance at June 30, 2011 was \$10,172,382.

Comm. Bullen brought up his proposal regarding establishing an indigent fund. He suggested if the committee decided to establish an indigent fund that guidelines be established for the control and use of the fund. He suggested a beginning amount of \$10,000. He stated that the money might not be spent every year, but if there was a need to use any of the money, it should not have to go back through the committee process. He stated that the fund should only be used for Rutherford County citizens and only used for dire situations. He also suggested that the County Mayor, the Trustee, and a commissioner appointed by the County Commission be appointed to oversee the fund.

Comm. Jordan stated that he would like to see the guidelines first before the committee took any action. He asked if a meeting of the three people overseeing the fund would have to take place before using any of the money. He asked what would happen if the money ran out. He stated he would like to know more than general ideas. He stated that it was not that he would not support the proposal, but wanted to know more about the mechanics of how it would work first.

Comm. Sandlin suggested that the Steering Committee study establishing the indigent fund and see what other counties and cities were doing in this regard.

Comm. Bullen stated that the indigent fund was a money matter, and that he did not believe it should go to the Steering Committee.

Mayor Burgess stated that he appreciated Comm. Bullen bringing up the matter. He stated that the indigent fund might be handled independent of the budget process. He stated that Account 101-58900-599, Other Charges, was in the Miscellaneous Category and gave him and the Finance Director some flexibility from time to time to pay some county expenditures that they did not know about. He stated some guidelines could be established and an amount set at approximately \$10,000. He stated that the total appropriation for Account 101-58900-599 was \$50,000, and that \$10,000 of this amount might be used for the indigent fund. He stated that he would not request an additional \$10,000. He stated that all that would be needed would be to give the mayor or the group overseeing the fund the authority to use \$10,000 of the Other Charges Account for something that was not a direct county need. He stated that the Other Charges Account was an emergency fund that could be spent without going through the committee process to obtain special approval. Mayor Burgess stated that he believed this account would provide enough flexibility money wise.

Comm. Jordan stated that if the budget was approved as it was now; it could be amended at any time.

Mayor Burgess stated that he also could use his own judgment and spend his own money, and then he could request the committee amend the line item to reimburse him. He stated that rather than get this item entangled with the budget process, he would rather see the committee put

something in place to allow for the payment of the indigent expenditures and amend the budget going forward.

The committee took no action on establishing an indigent fund at this time.

OTHER BUSINESS

COUNTY BUILDINGS BUDGET AMENDMENT:

The Finance Director requested approval of the following budget amendment for the County Buildings Department to provide sufficient funding for the Overtime Pay Account to complete the fiscal year. Several weekend events on the Courthouse square have made it necessary for some of the staff to work on the weekends:

From: 101-51800-169 – Part Time Personnel -	\$2,000
To: 101-51800-187 – Overtime Pay -	\$2,000

Comm. Jernigan moved, seconded by Comm. Jordan to approve the budget amendment for the County Buildings Department transferring \$2,000 from Account 101-51800-169, Part Time Personnel, to Account 101-51800-187, Overtime Pay, as requested. The motion passed unanimously by roll call vote.

ADJOURNMENT:

Chairman Ealy reminded the committee of the joint meeting with the Health & Education Committee and the School Board on Tuesday, May 25, 2010 at 5:30 P.M. at the School Board Central Office to hear the budget presentations for the General Purpose School Fund, Central Cafeteria Fund, and the Education Capital Projects Fund. The Budget Committee will also be meeting on June 1 and June 3 at 5:30 P.M.

There being no further business to be presented at this time, Chairman Ealy declared the meeting adjourned at 6:25 P.M.

Elaine Short, Secretary